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June 10, 2005

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following information requests of the Attorney General:

AG-01-19 AG-01-89 AG-3-10 AG-5-16 AG-05-18

AG-10-18

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Caroline O'Brien Bulger, Esq., Hearing Officer (1 copy)
A. John Sullivan, DTE (7 copies)
Andreas Thanos, Ass't Director, Gas Division
Alexander Cochis, Assistant Attorney General (4 copies)
Service List

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 10, 2005

Witness Responsible: Stephen H. Bryant, President

AG-1-19: Please provide capital authorization and closing reports for all projects begun or finished during the last seven years of \$50,000 or more in magnitude.

Response: Please see Attachment AG-1-19 for the requested capital authorization and closing reports for all projects between \$50,000 and \$100,000, except Revenue Producing Plant Additions - Account 367 (Mains). All other requested information has been provided in response to a series of Department information requests, as summarized in Table AG-1-19, below.

Table AG-1-19

Investment Type	Response for Plant Additions > \$50K and < \$100K	Response for Plant Additions > \$100K
Non-Discretionary Plant Additions Account 367 (Mains)	<i>See Attachment AG-1-19 (Section 1)</i>	<i>See Response to D.T.E 3-21</i>
Revenue Producing Plant Additions Account 367 (Mains)	<i>See Response to D.T.E 3-27</i>	<i>See Response to D.T.E 3-22</i>
Non-Discretionary Non-Plant Additions (Excludes accounts 367 Mains and 303 Misc. Intangible Plant)	<i>See Attachment AG-1-19 (Section 2)</i>	<i>See Response to D.T.E 3-25</i>
Miscellaneous Intangible Plant Additions Account 303	<i>See Attachment AG-1-19 (Section 3)</i>	<i>See Response to D.T.E 3-26</i>

As noted in Table AG-1-19, Attachment AG-1-19 consists of 3 sections corresponding to the three different investment type. Each section contains (1) a summary schedule, and (2) a series of cover sheets, capital authorizations and closing reports for each of the listed projects.

Each cover sheet is marked with the investment type section title (e.g. Non-Discretionary Plant Additions, Non-Discretionary Non-Plant Additions, or Miscellaneous Intangible Plant Additions) and the list

number assigned to each project in Column 1 (List No.) of the summary schedule.

For example, the first page in Section 1 of Attachment AG-1-19 is the cover sheet for project with the assigned list number 1 – Foxboro / Central Street (a year 2004 project). As such, the cover sheet has been labeled:

Non-Discretionary Plant Additions
Account 367 (Mains) >\$50K and < \$100K
For Years 1998 through 2004

List No. 1

BULK ATTACHMENT

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 9, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

AG-1-89: Please itemize and quantify all corporate charges assigned / allocated to the Company from NiSource for each of the last three years.

Response: Table AG-1-89 below lists by month the NiSource Corporate Services Company ("NCSC") contract billing amounts that were allocated to Bay State and included in the Company's O&M expense for the last three years.

Attachment AG-1-89 includes the monthly contract bills received by Bay State from NCSC for the last three years. The Company notes that the difference between the monthly totals for each contract bill versus the monthly totals shown on Table AG-1-89 reflects the portion of each contract bill that was both capitalized and booked below-the-line.

Table AG-1-89

	<u>2002</u>	<u>2003</u>	<u>2004</u>
	(1)	(2)	(3)
	(\$)	(\$)	(\$)
January	2,007,394	1,985,454	1,917,230
February	1,358,945	1,720,304	1,970,794
March	1,877,451	1,541,716	2,155,191
April	2,082,231	1,714,799	2,071,332
May	1,856,908	1,808,558	1,950,393
June	2,498,406	1,785,462	2,008,247
July	1,513,372	1,712,797	1,883,810
August	1,977,398	1,484,508	1,894,840
September	2,624,455	2,333,309	1,990,366
October	2,203,653	1,918,454	1,979,853
November	2,212,503	1,624,584	2,047,508
December	<u>1,769,325</u>	<u>2,528,423</u>	<u>2,307,425</u>
	<u>23,982,041</u>	<u>22,158,368</u>	<u>24,176,988</u>

BULK ATTACHMENT

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRD SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 10, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

AG-3-10 Referring to Exhibit BSG/JES-1, Workpaper JES-6, page 19, please itemize and quantify all General Liability claims during the years 2000 through 2004 that are \$50,000 or greater and provide a complete and detailed description of the nature of the liabilities surrounding the claims.

Response: Please refer to Table AG-3-10 below for the requested information.

Table AG-3-10

<u>Type</u>	<u>Claim Number</u>	<u>Claim Status</u>	<u>Loss Date</u>	<u>Amount</u>	<u>Description</u>
General Liability	NIS000040	Open	2/2/2000	70,000	Clmt slipped and fell on ice at an owned facility.
General Liability	NIS000039	Open	1/31/2000	65,459	Water damage to home after employee replaced a switch on water heater. Insurance company subrogation claim.
General Liability	AFP5238	Open	4/13/2004	260,000	Fire to residence, alleges related to gas regulator failure.
Auto Liability	ANN7801AL	Open	12/11/2002	83,620	Employee pulled from side of road into traffic, causing collision.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIFTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 10, 2005

Responsible: Earl M. Robinson, Consultant (Depreciation)

AG-5-16 Please provide copies of all testimonies and exhibits that Mr. Robinson has sponsored as an expert witness regarding depreciation in the last five years.

Response: The requested copies of the testimony are attached. The exhibits for each of the cases, which typically contain copies of the comprehensive depreciation studies, are voluminous and are not provided.

BULK RESPONSE

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIFTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 10, 2005

Responsible: Earl M. Robinson, Consultant (Depreciation)

AG-5-18 Referring to page 4-9 of Mr. Robinson's prefiled testimony in this case, please provide a complete and detailed description of each of the new local regulations, and a copy of those regulations, that have been placed on the Company's operations in the last ten years that, in his opinion, have caused the level of negative salvage to increase.

Response: In general, with regard to the cost to retire facilities, the Company is incurring ever increasing levels of cost (i.e. increased permitting cost, highway safety cost (police details), and the need to disconnect/remove and/or plug facilities, etc). All of these costs contribute to the ongoing increased cost to retire facilities.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
TENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL
D. T. E. 05-27

Date: June 10, 2005

Responsible: Paul R. Moul, Consultant (Rate of Return)

AG-10-18 Referring to Exhibit BSG/PRM-2, Schedule PRM-6, please provide copies of the contemporaneous studies, publications, workpapers, calculations, formulas, assumptions, and other supporting documentation used to determine the economics of the retirement of the note referred to in Note (2) on that page.

Response: No detailed written studies were required in making the decision to "early redeem" the BSG debt securities as outlined below. This is because the existing interest coupon levels were high enough versus then current market interest rates to make the decision to redeem these securities relatively simple. At the time the redemptions were completed, BSG management looked at the probable interest cost savings versus the early redemption premiums, and the decision to move forward with the redemptions was made.

- (1) BSG 7.625% Medium Term Notes ("MTN") (Pricing Supplement #1) - \$5.0 million - Redemption Premium was 3.813%, or \$190,650. Since these early redemptions were ultimately refinanced via BSG intercompany notes issued during December 2004 at an average coupon rate of 5.76% (two I/C notes issuances at 5.58% and 5.94%, respectively), pretax annualized interest cost savings at the BSG level are \$93,250 (through the MTN's original maturity date of 6/19/2023).
- (2) BSG 7.625% Medium Term Notes (Pricing Supplement #2) - \$5.0 million - Redemption Premium was 3.813%, or \$190,650. Since these early redemptions were ultimately refinanced via BSG intercompany notes issued during December 2004 at an average coupon rate of 5.76% (two I/C notes issuances at 5.58% and 5.94%, respectively), pretax annualized interest cost savings at the BSG level are \$93,250 (through the MTN's original maturity date of 6/19/2023).